

Message Text

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C O N F I D E N T I A L MOSCOW 8140

USDOC FOR BEWT/DOWNEY

E.O. 11652: GDS

TAGS: EFIN, EEWT, UR, US

SUBJECT: ROBERT ANDERSON'S DISCUSSIONS WITH SOVIETS ON FINANCIAL
MATTERS

REF: STATE 118722

1. SUMMARY. ROBERT ANDERSON, ACCOMPANIED BY SIMON CHILEWICH (PRESIDENT OF CHILEWICH AND SONS, CERES CORP. ETC) CALLED ON AMBASSADOR MAY 20 FOLLOWING THEIR MEETINGS WITH OFFICIALS OF VNESHTORGBANK AND MINISTRY OF FOREIGN TRADE. ANDERSON ADVISED THAT HE WAS ENCOURAGED BY SOVIET REACTION TO HIS PROPOSALS FOR NEW ARRANGEMENTS WITHIN U.S. BANKING COMMUNITY FOR FINANCING US-SOVIET TRADE AND INTENDED TO PURSUE

MATTER FOLLOWING HIS RETURN TO U.S. AROUND JUNE 10. END SUMMARY.

2. IN DISCUSSING HIS IDEAS WITH THE AMBASSADOR, ANDERSON NOTED THAT HE HAD ORIGINALLY HIT ON POSSIBILITY OF SOME NEW ARRANGEMENTS FOR FINANCING US-SOVIET TRADE IN 1970. AT THAT TIME, HE HAD REACHED VERY PRELIMINARY AGREEMENT WITH GROUP OF 12 REGIONAL BANKS IN U.S. THAT THEY WOULD JOIN WITH MOSCOW NARODNY BANK, ASSUMING LATTER INTERESTED, IN FORMING NON-BANKING FINANCIAL COMPANY WHICH COULD DRAW ON RESOURCES OF ALL OF PARTICIPANTS IN FINANCING US-SOVIET TRADE. PROPOSAL WAS PUT TO MOSCOW NARODNY, WHICH APPEARED INTERESTED BUT FINALLY OPTED OUT AS DIRECT PARTICIPANT ON GROUNDS THAT MAJOR
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U.S. BANKS WOULD TAKE OFFENSE. ANDERSON SAID HE THEN

ALLOWED MATTER TO DROP.

3. NEXT STEP CAME IN NOVEMBER 1975, WHEN SOVIET MINISTRY OF FOREIGN AFFAIRS OFFICIAL VIKTOR LESSIOVSKIY ADVISED ANDERSON THAT THERE WAS SOVIET INTEREST IN HIS PROPOSAL AND THAT ANDERSON'S 1970 APPROACH HAD BEEN MISDIRECTED SINCE: A) MOSCOW NARODNY WAS AN OPERATIONAL RATHER THAN A POLICY-MAKING ORGAN; AND B) MATTER IN ANY CASE WAS POLITICAL RATHER THAN FINANCIAL AND WOULD HAVE TO BE SETTLED IN MOSCOW. ANDERSON SAID HE AGREED GO TO MOSCOW, AND INVITATION CAME THROUGH IN JANUARY 1976.

4. DURING THREE DAYS IN MOSCOW, ANDERSON MET WITH OFFICIALS OF VNESHTORGBANK HEADED BY DEPUTY CHAIRMAN V.A. DROVOSHENKOV AND WITH DEPUTY MINISTERS OF FOREIGN TRADE V.S. ALKHIMOV AND N.D. KOMAROV. REACTION OF SOVIET OFFICIALS TO ANDERSON'S PROPOSAL THAT HE SEEK TO ORGANIZE GROUP OF U.S. BANKS ALONG LINES OF GROUP WHICH HE HAD PUT TOGETHER IN 1970 WAS FAVORABLE WITH EXCEPTION OF KOMAROV, WHO ARGUED THAT ARRANGING FINANCING BEFORE AGREEING ON PROJECTS WAS A WASTE OF TIME. ANDERSON SAID THAT ALKHIMOV AND VNESHTORGBANK OFFICIALS WERE ALSO ATTRACTED BY HIS PROPOSAL THAT U.S. PARTICIPANTS IN FINANCIAL COMPANY WHICH WOULD BE FORMED WOULD TAKE UP TWO-THIRDS OF EQUITY, WITH

VNESHTORGBANK TAKING REMAINING THIRD. ALKHIMOV SUGGESTED THAT UPON HIS RETURN TO UNITED STATES ANDERSON CONTACT AMBASSADOR DOBRYNIN AND ASK THAT DOBRYNIN SEND MESSAGE TO MOSCOW (WHICH JOUYJMOV SAID WOULD INEVITABLY COME TO ATTENTION OF POLITBURO-LEVEL OFFICIALS) SUPPORTING ANDERSON'S PROPOSAL. ALKHIMOV TOLD ANDERSON THAT HE WOULD IN MEANTIME SEND TELEGRAM TO DOBRYNIN REPORTING ON ANDERSON'S DISCUSSIONS IN MOSCOW.

5. ANDERSON EXPLAINED TO AMBASSADOR THAT HIS BASIC REASON FOR DEVELOPING THIS PROPOSAL WAS TO FACILITATE INVOLVEMENT OF ADDITIONAL U.S. BANKS AND INDUSTRIAL COMPANIES IN U.S.-SOVIET ECONOMIC RELATIONS. HE POINTED OUT THAT POOLING OF RESOURCES OF 12-15 U.S. REGIONAL BANKS WOULD RESULT IN SIGNIFICANT NEW POSSIBILITIES FOR FINANCING

U.S. EXPORTS TO USSR AND SOVIET EXPORTS TO U.S., AS WELL AS JOINT U.S.-SOVIET PROJECTS IN THIRD COUNTRIES. WITH SOVIETS SHARING IN CAPITAL, AND PROFITS, OF NON-BANKING FINANCIAL COMPANY
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WHICH WOULD ACTUALLY HANDLE OPERATIONS ON BEHALF OF ITS STOCK-HOLDERS, THIS COULD HAVE RESULT OF REDUCING EFFECTIVE RATE OF INTEREST ON CREDITS TO USSR TO EXTENT THAT VNESHTORGBANK SHRED IN PROFITS OF COMPANY.

6. COMMENT: ALTHOUGH WE ARE NOT IN POSITION TO COMMENT ON LEGAL RAMIFICATIONS OF ANDERSON'S PROPOSAL, PARTICULARLY ASPECT OF VNESHTORGBANK'S ONE-THIRD SHARE IN PROPOSED COMPANY, WE BELIEVE THAT

HIS PROPOSAL COULD PROVIDE USEFUL MECHANISM FOR FINANCING EXPANSION
OF U.S.-SOVIET TRADE. LESSIOVSKIY'S ROLE IN RESUSCITATING
ANDERSON'S PROPOSAL AFTER HIATUS OF ALMOST FIVE YEARS IS
CURIOUS. LESSIOVSKIY HAS EXPRESSED AN INTEREST IN DISCUSSING
ANDERSON'S PROPOSAL WITH ECON/COMM COUNSELOR AND COMMATT AND
MEETING HAS TENTATIVELY BEEN SET UP FOR WEEK OF MAY 31. WE WILL
REPORT ANY ADDITIONAL INFORMATION WHICH WE CAN DEVELOP ON
SOVIET POSITION. STOESEL

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